

The 5 W's of Financial Aid

*Michigan Department of Treasury
Bureau of Student Financial Assistance*



TABLE OF CONTENTS

Introduction	ii
WHAT is financial aid?	1
WHY is there student financial aid?	1
WHERE does student financial aid come from?	2
WHAT types of financial aid are available?	2
WHO is eligible for financial aid?	2
WHY can't everyone get money for educational costs?	3
HOW is financial need determined?	3
WHAT is the cost of attendance?	3-4
WHAT is the application called and where can I get one?	4
HOW do I apply?	4
WHEN do I apply?	4
DO I apply as a dependent or self-supporting student?	6
WHAT if I don't meet the criteria for a self-supporting student, but believe it would be inaccurate to provide parent data?	6
Sample financial aid packages at different schools	7
Financial Aid Programs Administered at the State Level	8-14
Michigan Competitive Scholarship	8
Michigan Tuition Grant	8-9
Postsecondary Access Student Scholarship (PASS).	9
Michigan Merit Award	9-10
Michigan Campus-Based Programs	10-11
MI-LOAN.	11
Tuition Incentive Program	11-12
Other Michigan Programs	13
State Prepayment and Savings Programs	13-14
Federal Financial Aid Programs	14-16
Programs for Veterans and Dependents	16
Bureau of Indian Affairs	16
Federal Health and Human Services (HHS) Programs.	16-17
MI-SEARCH	17
Locating Other Sources of Financial Aid	17-18
Helpful Advice	18
Expected Family Contribution Formula.	19-22
Common Financial Aid Terms	23-25
Frequently Used Addresses and Telephone Numbers	26



INTRODUCTION

This booklet is intended to present basic information about student financial aid programs, practices and procedures for students, parents and other interested parties who are beginning to explore the subject of financial aid. The presentation focuses primarily on the student financial aid programs provided by the State of Michigan under the direction of the Michigan Higher Education Assistance Authority and Michigan Higher Education Student Loan Authority.

The Authorities are committed to providing access to postsecondary educational opportunities for as many students as possible in the most efficient ways available. Implicit in that commitment is the belief that program delivery systems begin with a strong emphasis on disseminating general and programmatic financial aid information to students in the junior and senior year planning stages, well in advance of their college enrollment.

I trust the information in this booklet will start you on your way to a successful postsecondary educational experience.

H. Jack Nelson
Executive Director
Michigan Higher Education Assistance Authority
Michigan Higher Education Student Loan Authority



WHAT is financial aid?

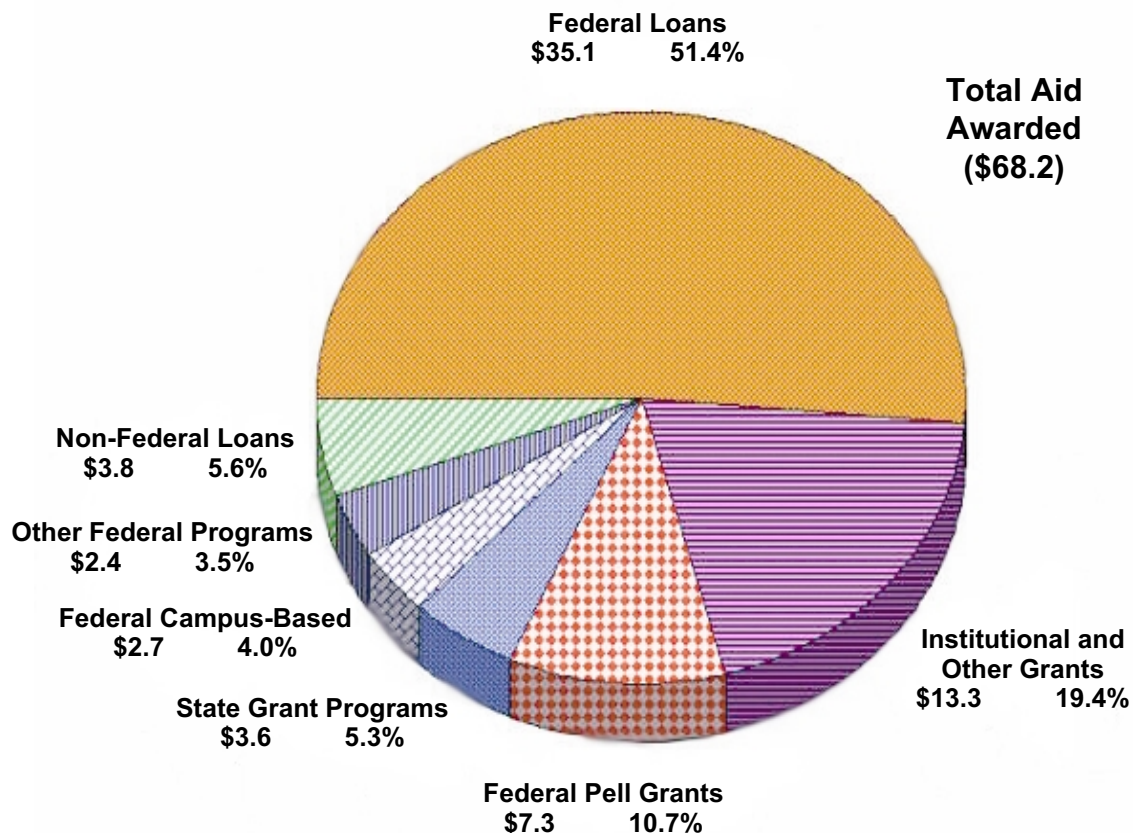
Financial aid is any source of funds available to students and their families for paying postsecondary education costs. Most financial aid is based on a student's financial need; however, some is based solely on special merit. In addition, there are federal and state tax credits available to help offset tuition costs for eligible families.

WHY is there student financial aid?

The intent is to insure that all students have the opportunity to obtain a postsecondary education, even if they can't afford the cost.

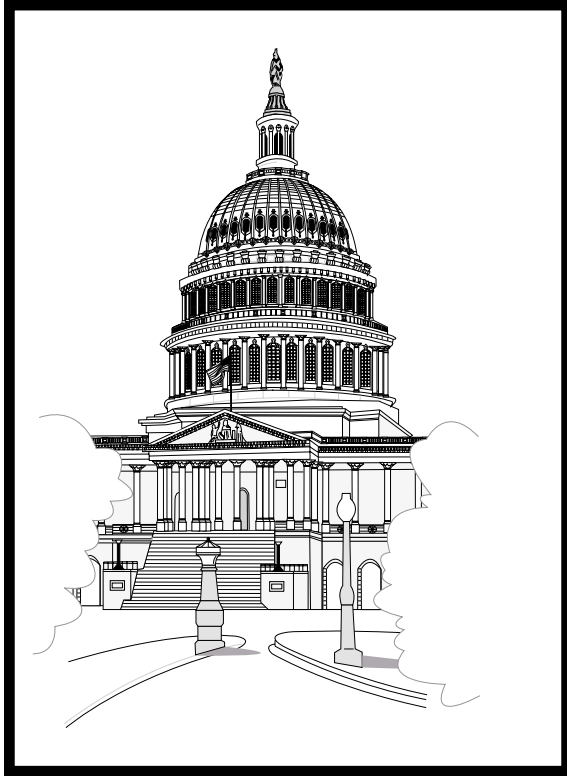
The chart below illustrates how the dollars were divided among the different financial aid categories in the 1999-2000 academic year.

Estimated Student Aid by Source for Academic Year 1999-2000 (Current Dollars in Billions) *



Source: The College Board, Trends In Student Aid; 1989-90 to 1999-2000

* Most current data available as of printing.



WHERE does student financial aid come from?

There are four primary funding sources. These sources are:

- Federal Government
- State Government
- Institutions (colleges and universities)
- Private Sources (Associations, Foundations, Employers, Unions, etc.)

WHAT types of financial aid are available?

There are four types of financial aid:

Scholarships - nonrepayable awards based on merit or merit plus need

Grants - nonrepayable awards based on need

Loans - must be repaid with interest (Sources include federal government or private financial institutions)

Work-study programs - students work while attending school

Students who receive financial aid may be awarded a combination, or package, of these four types.

WHO is eligible for financial aid?

Many people are eligible for assistance. Students who excel in areas such as academics, sports, leadership, music, art, dance, etc. may receive an award in recognition of their special merit. These types of awards are called **merit-based**.

Some students will receive awards based on their demonstrated financial need. By filling out a financial aid application, students may be able to demonstrate that they and their family cannot pay for all of the postsecondary education costs on their own. These students may receive an award based on their need for aid. These awards are called **need-based**. Some students may receive a combination of both types of awards.



WHY can't everyone get money for educational costs?

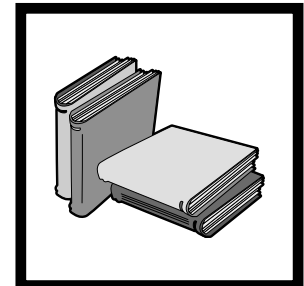
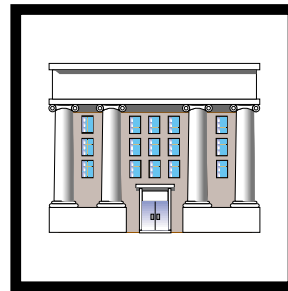
The demand for student aid exceeds the supply of dollars available. Therefore, most financial aid programs limit their awards to students who have demonstrated that they **need** the aid to be able to extend their education beyond high school.

HOW is financial need determined?

To understand the system of how need is calculated, you should know the philosophy of financial aid:

1. It is the parents' and student's responsibility to pay for higher education expenses to the extent they are able.
2. All families' financial circumstances are evaluated in a consistent and equitable manner.

Families complete a financial aid application, providing information about their income and assets which will be evaluated using a national formula. To determine whether or not you demonstrate need, you must subtract the Expected Family Contribution (EFC) from the Cost of Attendance. If your family contribution is less than the cost, you have demonstrated financial need and may be considered for need-based financial aid.



Definition of Need

Cost of Attendance

- Expected Family Contribution (EFC)

= Financial Need

WHAT is the cost of attendance?

Each school has its own cost of attendance. It is the total of the institution's charges plus related expenses for items a student will need.



The typical costs will include:

1. Tuition and fees
2. Books and supplies
3. Room and board
4. Transportation
5. Miscellaneous personal expenses

You should check with the officials at the schools you are considering to determine their actual cost of attendance per year.

WHAT is the application called and WHERE can I get one?

All students must complete a **Free Application for Federal Student Aid (FAFSA)**. This free application form can be obtained from your high school guidance counselor, any college or university financial aid office, or at public libraries.

Some postsecondary schools may also require students to complete a supplemental form, called **PROFILE**. The Profile is used by some institutions to determine eligibility for institutional aid. A fee is charged for processing this form. Be sure to check with the schools you are considering to see if they require this form or any additional information.

HOW do I apply?

Students should complete the following steps when applying for financial aid:

1. Apply for admission to the college you will attend.
2. Contact the financial aid office for information about costs and student aid.
3. Obtain and complete the current Free Application for Federal Student Aid (FAFSA). This form is available at your high school or college financial aid office.
4. Mail it to the processor using the envelope provided in the FAFSA booklet. Some colleges are able to receive and/or transmit application data electronically. Check with the school you are planning on attending to determine whether they have that capability.
5. After the FAFSA is processed, students will receive a Student Aid Report (SAR) that summarizes the information reported on the FAFSA.

WHEN do I apply?

To be on time for State of Michigan deadlines, beginning college students should mail their financial aid application so that it is **received** by the processor by **February 21** prior to their initial year of enrollment. All others should complete and mail their form so that it is **received** by **March 21** prior to the beginning of the fall enrollment period.



2001-2002

The FAFSA

July 1, 2001 — June 30, 2002
Free Application for Federal Student Aid

OMB # 1845-0001

Use this form to apply for federal and state* student grants, work-study, and loans.

Apply over the Internet with



www.fafsa.ed.gov

1

If you are filing a **2000 income tax return**, we recommend that you complete it before filling out this form. However, you do not need to file your income tax return with the IRS before you submit this form.

If you or your family has **unusual circumstances** (such as loss of employment) that might affect your need for student financial aid, submit this form, and then consult with the financial aid office at the college you plan to attend.

You may also use this form to apply for aid from other sources, such as your state or college. The deadlines for states (see table on right) and colleges may be as early as January 2001 and may vary. You may be required to complete additional forms. Check with your school guidance counselor or a financial aid administrator at your college about state and college sources of student aid.

2

Your answers on this form will be reviewed electronically before:

- use black ink and fill in ovals completely.
- print clearly in CAPITAL LETTERS and skip a box between letters.
- report dollar amounts (such as \$12,356.41) in dollars and cents.

Green is for students and parents.

If you have questions about this application, or for more information on eligibility requirements and U.S. Department of Education's student aid programs, look on the Internet at www.ed.gov/studentaid. You can also call 1-800-4FED-AID (1-800-433-3243) seven days a week from 8:00 a.m. through midnight (Eastern time). TTY users may call 1-800-730-8913.

3

After you complete this application, make a copy of it for your records. Then send the **original of pages 3 through 6** in the attached envelope or send it to: Federal Student Aid Programs, P.O. Box 4008, Mt. Vernon, IL 62864-8608.

You should submit your application as early as possible, but no earlier than January 1, 2001. We must receive your application **no later than July 1, 2002**. Your school must have your correct, complete information by your last day of enrollment in the 2001-2002 school year.

You should hear from us within four weeks. If you do not, please call 1-800-433-3243 or check on-line at www.fafsa.ed.gov.

4

Now go to page 3 and begin filling out this form.
Refer to the notes as needed.

STATE AID DEADLINES

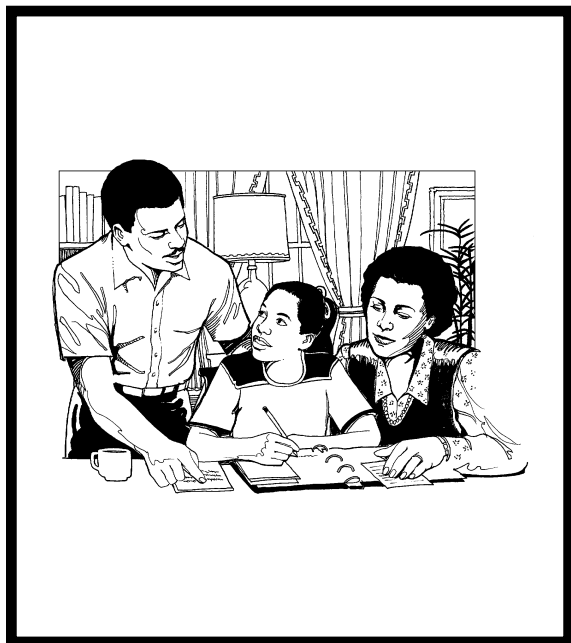
AR	April 1, 2001 (date received)
AZ	June 30, 2002 (date received)
CA	March 2, 2001 (date postmarked)
DC	June 24, 2001 (date received by state)
DE	April 15, 2001 (date received)
FL	May 15, 2001 (date processed)
GA	March 1, 2001
HI	July 1, 2001 (date received)
IL	For priority consideration - September 30, 2001
IN	For priority consideration - July 15, 2001
IA	For priority consideration - March 1, 2001
KS	For priority consideration - March 15, 2001
LA	For priority consideration - April 15, 2001
MA	For priority consideration - May 1, 2001
MD	March 1, 2001 (date postmarked)
ME	May 1, 2001 (date received)
MI	High school seniors - February 21, 2001
	College students - March 21, 2001
MN	June 30, 2002 (date received)
MO	April 1, 2001 (date received)
MT	For priority consideration - March 1, 2001
NC	March 15, 2001 (date received)
ND	April 15, 2001 (date processed)
NH	May 1, 2001 (date received)
NJ	June 1, 2001 if you received a Tuition Aid Grant in 2000-2001
	All other applicants
	- October 1, 2001, for fall and spring terms
	- March 1, 2002, for spring term only
NY	May 1, 2002 (date postmarked)
OH	October 1, 2001 (date received)
OK	For priority consideration - April 30, 2001
	Final deadline - June 30, 2001
OR	May 1, 2002 (date received)
PA	All 2000-2001 State Grant recipients and all non-2000-2001 State Grant recipients in degree programs - May 1, 2001
	All other applicants - August 1, 2001
PR	May 2, 2002 (date application signed)
RI	March 1, 2001 (date received)
SC	June 30, 2001 (date received)
TN	May 1, 2001 (date processed)
WV	March 1, 2001 (date received)

Check with your financial aid administrator for these states: AK, AL, *AS, *CT, CO, *FM, GA, *GU, HI, *MH, *MP, MS, *NE, *NM, *NV, *PW, *SD, *TX, UT, *VA, *VI, *VT, WA, WI, and *WY.

* Applicants encouraged to obtain proof of mailing.

* Additional form may be required.

STATE AID DEADLINES



DO I apply as a dependent or self-supporting student?

Many students feel that they are independent and do not need to include information on parent income and assets. However, federal regulations are very specific. Any student who is less than age 24 as of January 1 of the award year must provide parent data unless he/she meets one of the following exceptions:

1. Student is a veteran of the U.S. Armed Forces.
2. Student will be a graduate or professional student in the award year.
3. Student is married.
4. Student is currently or was at one time a ward of the court or both parents are deceased.

5. Student has a legal dependent(s) who receives more than half of his/her support from the student and will continue to receive that support during the academic year.

WHAT if I don't meet the criteria for a self-supporting student, but believe it would be inaccurate to provide parent data?

There are situations in which a student does not meet the exact federal definition, but is really an independent self-supporting student.

If you feel this is true of your situation, you should talk to a financial aid officer at the school you plan to attend before you complete your Free Application for Federal Student Aid (FAFSA).

Common Mistakes Students Make When Applying:

1. Incomplete or inaccurate information
2. Not submitting application forms by the published deadlines
3. Not submitting all of the required application forms in order to be considered for all possible sources of aid

The following chart displays examples of aid packages for three different types of schools: a community college, a public university, and a private school. These examples illustrate the following important points: 1) cost of attendance will vary significantly according to institutional type, 2) the amounts and sources of aid will also vary by school, 3) the single constant in the various aid packages is the Expected Family Contribution (EFC).



Sample Financial Aid Packages at Different Schools

(Note: The sample aid packages are provided for informational purposes and

should not necessarily be construed as a typical aid package for any particular school.)

Undergraduate Full Time Enrollment Semester School

	"A" Community College	"B" Four Year Public	"C" Private College
College Cost	\$6,500	\$11,000	\$18,000
- Family Contribution	2,000	2,000	2,000
= Need	\$4,500	\$9,000	\$16,000
SCHOLARSHIPS:			
Michigan Competitive Scholarship	1,300	1,300	- 0 -
College Scholarship/Grant	- 0 -	1,800	6,500
GRANTS:			
Michigan Tuition Grant	- 0 -	- 0 -	2,750
Pell Grant	1,200	1,200	1,200
Supplemental Grant	- 0 -	600	950
EMPLOYMENT:			
Federal Work-Study	500	800	1,500
LOANS:			
Federal Perkins Loan	- 0 -	1,000	500
Stafford Loan	1,500	2,300	2,600
TOTAL AID	\$4,500	\$9,000	\$16,000
FAMILY MUST CONTRIBUTE	2,000	2,000	2,000
STUDENT MUST REPAY LOAN	1,500	3,300	3,100

Note: Depending on time of application and resources that the institution has available, some award packages may fall short of need. In such cases, it is necessary for the student and parents to develop alternative financing through family budget adjustments or special credit arrangements (tuition payment plans, alternative loans, etc.).



Financial Aid Programs Administered at State Level

Michigan Competitive Scholarship - This award, based both on need and merit (qualifying American College Test score) is available for use at Michigan public and private postsecondary schools. It is recommended that high school students take the ACT on the April or June national test date during their junior year. The ACT must be taken by December of the senior year in high school for priority consideration. Students may retest to obtain an eligible or higher score. Students taking the ACT after leaving high school may apply if they have not had college experience. The test score remains on record for ten years.

ELIGIBILITY CRITERIA

To be eligible for the Scholarship a student must:

1. Achieve a qualifying score on the ACT
2. Demonstrate financial need
3. Be a Michigan resident
4. Be a U.S. citizen, permanent resident, or approved refugee
5. Enroll at least half-time at an eligible Michigan college or university
6. Not have a Bachelor's Degree

APPLICATION PROCEDURE

Students who have achieved a qualifying score on the ACT, must file the Free Application for Federal Student Aid (FAFSA) with the processor after January 1. This application must be at the processor by February 21 (date received).

LENGTH OF ELIGIBILITY

1. Limited to 10 years following high school graduation or the student's selection as a semifinalist, if this occurs after high school graduation; or
2. Until the student completes an undergraduate degree; or
3. Until the student receives 10 semesters or 15 terms of undergraduate aid

AWARD

The maximum award is presently (1) the amount of need demonstrated, (2) the tuition and fees charged or (3) \$1,300, whichever is least. The recipient must meet the college's standards of academic progress and maintain a cumulative 2.00 GPA for continued consideration.

Michigan Tuition Grant - This award is based on financial need for use at independent (private), nonprofit degree granting colleges and universities in Michigan.

ELIGIBILITY CRITERIA

To be eligible for the Tuition Grant a student must:

1. Demonstrate financial need
2. Be a U.S. citizen, permanent resident, or approved refugee
3. Be a Michigan resident



4. Attend a private, independent Michigan college at least half-time as an undergraduate or graduate student

APPLICATION PROCEDURE

High school students must submit the Free Application for Federal Student Aid (FAFSA) form to the processor after January 1. This application must be at the processor by February 21 (date received).

LENGTH OF ELIGIBILITY

1. Undergraduate - limited to 10 semesters or 15 terms
2. Graduate - limited to 6 semesters or 9 terms

AWARD

The Tuition Grant award has ranged to a maximum of \$2,750 in recent years, depending on the number of applicants and the appropriation amount. The recipient must meet the college standards of satisfactory academic progress for continued consideration.

Postsecondary Access Student Scholarship (PASS) - This program offers assistance to students enrolled in an associate degree program. The amount of assistance for which a student may be eligible is the remaining tuition and fees after subtracting the student's eligibility for Michigan Competitive Scholarship or Tuition Grant, Federal Pell Grant, and the value of the Federal Hope Scholarship Tax Credit. The award is for the equivalent of two years of full-time college enrollment.

ELIGIBILITY CRITERIA

To be eligible for PASS a student must:

1. Be a Michigan resident
2. Enroll in a program leading to an associate degree
3. Attend an eligible Michigan college or university
4. Enroll at least half-time
5. Be younger than 22 years of age at the time of enrollment*
6. Score at Level 1 or Level 2 on the high school Michigan Educational Assessment Program (MEAP) tests in reading, writing, math, and science**
7. File a Free Application for Federal Student Aid (FAFSA) and be eligible for Federal Pell Grant

* Students older than 22 who meet all eligibility criteria except for the MEAP test requirement may qualify for a maximum award of \$500 for their second year of college enrollment.

** Students meeting all eligibility criteria except for the Level 1 or Level 2 scores on the MEAP test shall receive a PASS award for one year of college enrollment. Upon maintaining satisfactory academic progress during the first year, the student may be PASS eligible for the second year of enrollment.

Michigan Merit Award - The Michigan Merit Award Program is a merit-based scholarship awarded to students who perform well on the Michigan Educational Assessment Program (MEAP) tests. Students who meet or exceed state standards on the reading, writing, math, and science components of the MEAP High School Test (HST), in addition to meeting the other requirements established by the Michigan Merit Award Board, will be



eligible for the award. Features of the program include the following:

1. Students who meet or exceed state standards (i.e., achieve Level 1 or Level 2) on the MEAP HST in reading, writing, math, and science will qualify to receive a scholarship award of \$2,500 if all the other eligibility requirements are met (beginning with the Class of 2000).
2. Students who meet or exceed state standards on at least two, but not all four, of the above-specified subject tests may qualify for the scholarship by scoring in the top 25 percent on a nationally recognized college entrance exam (e.g., ACT or SAT) or by performing well on a nationally recognized job skills assessment test.
3. There is an additional award of up to \$500 for students who also performed well on the 7th and 8th grade MEAP tests in reading, writing, math, and science for a total scholarship award of up to \$3,000 (beginning with the Class of 2005).
4. The scholarship is available to all Michigan students, including public school, public school academy, private, and home school students who meet the eligibility requirements.
5. The scholarship may be used for either college or training at any approved public or private Michigan postsecondary education institution, as determined by the Merit Award Board. Types of expenses the scholarship is intended to cover include tuition and fees, room and board, books and supplies, transportation, and day care.

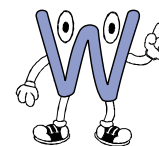
6. A student enrolled in an approved postsecondary education institution outside the state of Michigan may apply up to \$1,000 of the scholarship money toward eligible costs incurred while enrolled in the out-of-state institution.
7. A student has up to seven years from graduating (or passing the G.E.D.) to use the scholarship money.

For additional information, call toll-free 1-888-95-MERIT during normal business hours, or access the program's Web site at www.MeritAward.state.mi.us.

Michigan Campus-Based Programs

These state funded campus-based programs provide grant and work-study assistance to eligible students attending Michigan degree-granting colleges and universities. The programs are administered by the college financial aid office. Award amounts are determined by college financial aid officials and are typically packaged with other forms of assistance. Applicants must file a Free Application for Federal Student Aid (FAFSA) and a college financial aid supplement, if required.

Adult Part-Time Grant - Provides assistance for independent, undergraduate students who have been out of high school (other than GED or adult education) for at least two years. Qualifying students must enroll at an approved degree-granting public or private Michigan college on a part-time basis. Grant availability is limited to two years of study with a maximum award of \$600 per academic year.



Michigan Educational Opportunity Grant -

Provides assistance of up to \$1,000 per academic year for undergraduate students who enroll at least half-time at public Michigan colleges.

Michigan Work-Study - Offers work opportunities for undergraduate or graduate students who enroll in participating degree-granting Michigan colleges on at least a half-time basis. Employment may be on campus or with private, off-campus employers; the rate of pay will be at least the current federal minimum wage. In addition to earning money for school, a work-study position enables a student to gain valuable work experience and develop human relations skills as well as leadership ability.

Students must demonstrate financial need and meet residency and citizenship requirements for all campus-based programs; in addition, each program has specific requirements consistent with its purpose. For additional information, contact your college financial aid office.

MI-LOAN - The Michigan Alternative Student Loan Program offers another source of loan funds to creditworthy students and their parents to assist in meeting the costs of higher education.

ELIGIBILITY REQUIREMENTS

To be eligible for the loan a student must be accepted for enrollment at a Michigan degree-granting college or university and certified as eligible by that school.

INTEREST RATE

The MI-LOAN Program offers the option of choosing between a fixed or variable interest rate.

LOAN AMOUNTS

The minimum loan is \$500. The maximum loan per academic year is equal to the cost of attendance minus the amount of financial aid for the loan period. The maximum cumulative program amount is \$125,000. A reserve fee not to exceed 4% will be deducted from the check.

REPAYMENT

The first monthly payment is scheduled within 45 days of disbursement. The minimum payment is \$50 per month per borrower, dependent upon the amount borrowed. The maximum repayment period is 25 years. Included in the 25-year repayment period is the possibility of up to five years of forbearance (no payment required).

For additional information and current interest rates, call toll free 1-888-643-7521 or 517-373-3662.

Tuition Incentive Program - A high school completion program that offers to pay for the first two years of college and beyond for students who graduate from high school or complete their GED. This program assists students in two phases.

PHASE I will pay tuition and mandatory fees for up to 80 semester or 120 term credits, leading to an associate degree or certificate.

PHASE II will pay for tuition and fees not to exceed \$500 per semester or \$400 per term up to a maximum of \$2,000 for credits earned in a four-year program at a Michigan degree-granting college or university. Coursework must be completed within 30 months of completion of Phase I requirements.



The program targets needy students in an effort to encourage them to graduate from high school.

To meet the financial eligibility requirement, a student must have (or have had) Medicaid coverage for 24 months within a 36 consecutive month period as identified by the Family Independence Agency (FIA). This can happen as early as the sixth grade. The Michigan Department of Treasury (Treasury) will send a form to the home of each of these identified students.

The student must then complete that application form and return it to Treasury **before** graduation from high school (or GED completion) **and before** their 20th birthday to activate the financial eligibility for the program. Only then will the student receive a "confirmation letter."

To receive Phase I benefits, the student must further demonstrate to the college:

- Evidence of eligibility, i.e., submit a copy of the "confirmation letter" to the financial aid office of the college
- High School graduation (or GED completion) prior to age 20
- U.S. citizen or eligible non-citizen status as documented by an I-551 card, I-551C card or INS I-94 record designating "refugee", "asylum granted," "humanitarian parole," "indefinite parole" or "Cuban-Haitian entrant" status
- Michigan resident as determined by institutional criteria
- Initiation of benefits for enrollment at a participating college within four years of high school graduation or GED completion

- At least half-time enrollment in a program other than theology or divinity earning less than 80 semester or 120 term credits
- Satisfactory academic progress according to institutional policy

To receive benefits under Phase II, a student must:

1. Meet the eligibility criteria for Phase I **and**
2. Meet either of the following:
 - Have 56 semester or 84 term transferable credits
 - Obtain an associate degree or certificate

At participating institutions, the Department of Treasury will pay:

Michigan Community Colleges

Current in-district tuition and mandatory fees. For persons residing in an area that is not included in any community college district, the out-of-district tuition rate may be authorized.

Michigan Public Universities

Lower level resident tuition and mandatory fees for the current year.

Michigan Independent, non-profit degree-granting colleges or universities **or** Michigan federal tribally controlled community college **or** Focus: HOPE



Mandatory fees for the current year and a per credit payment that does not exceed average community college in-district per credit tuition rate.

Note: Some of these institutions are limited in associate degree offerings. Check with the school about Phase I and/or Phase II involvement.

Other Michigan Programs

Vocational Rehabilitation - Educational benefits are available based on financial need for students with physical or mental impairments resulting in a substantial impediment to employment. For a listing of the MRS district offices, call 1-800-605-6722. For additional information contact the Michigan Rehabilitation Services, Michigan Jobs Commission, P.O. Box 30010, Lansing, MI 40909 or (517) 335-1343.

Carl D. Perkins Vocational and Applied Technology Education Act - (Single parent/displaced homemaker and sex equity programs) - The purpose of this program is to enable Michigan community colleges (and approved four-year institutions offering two-year degrees in occupational education) to provide tuition assistance and support services. This program is for single parents, single pregnant women, displaced homemakers, and sex equity occupational students. For additional information contact the financial aid director at the community college or approved four-year institution.

Police Officer's and Fire Fighter's Survivor Tuition Act - This program provides for waiver of tuition at public community colleges and state universities for the surviving spouse and children (under age 21) of Michigan police, fire fighters and corrections officers killed in the line of duty.

Applications are available from the Department of State Police. Officials in that department determine whether the applicant is eligible and notify the college or university regarding the applicant's status.

State Prepayment and Savings Programs

In many cases, families and students have the financial resources to pay postsecondary education expenses. They may have the ability to do this through the use of current income and assets. Many families do not have this ability now, however, they can plan ahead by prepaying tuition, or saving and investing over time. Certainly, the earlier this type of financial planning takes place, the better. Even if it is not possible to accumulate all the funds needed to cover total college expenses, those with some degree of financial resources available are in a better position to handle these costs. The State of Michigan has two programs that can assist families in this effort.

Michigan Education Trust (MET) - The Michigan Education Trust (MET) program allows parents or others to prepurchase undergraduate tuition. Basically, tuition can be purchased at current costs and when the student is younger instead of paying the anticipated higher costs when the student enrolls in college. Expenses in addition to tuition and mandatory fees, such as room, board, books and supplies, would not be covered under a MET contract.

TYPES OF CONTRACTS

There are three types of MET contracts that may be purchased. These are the Full Benefits Plan, the Limited Benefits Plan, and the Community College Plan. There are also options available to purchase any contract over four, seven, or ten years. As an example, under a four-year, Full Benefits



Plan contract, MET will provide in-state tuition and mandatory fees at a Michigan public university.

TAX INCENTIVES

The total contract price of any MET plan can be deducted from state income tax. In addition, prepaid tuition earnings are tax deferred until the contract benefits are used for higher education. Currently, therefore, purchasers do not pay state or federal income tax on the increase in value of the contract.

ELIGIBILITY

The child for whom the MET contract is purchased must be a Michigan resident. Students must meet the admission requirements of the college or university they wish to attend.

Michigan Education Savings Program (MESP) - The Michigan Education Savings Program (MESP) is a saving and investment program designed to assist families with preparing for higher education expenses. A child's parents or others can open an account for the child/beneficiary. The MESP account can then grow through regular contributions by the parents or others and through investment growth. Once the student is ready to enroll in a postsecondary education institution, the funds from their MESP account can be used for any higher education expenses at any institution in the country. An account can be opened for as little as \$25 with maximum total contributions allowable of \$125,000.

INVESTMENT OPTIONS

MESP offers families three investment options: A Managed Allocation Option, a Guaranteed Option and an Equity Option.

These choices vary in their investment strategy and degree of risk.

TAX INCENTIVES

The amount contributed each year to a MESP account can be deducted from Michigan taxable income up to \$5,000 per individual and \$10,000 for joint tax filers. The account earnings grow at both a federal and state tax deferred basis. Once used for higher education expenses, the earnings on the account fund are taxable at the student's tax rate rather than the account owner's tax rate and they are exempt from Michigan income taxes.

ELIGIBILITY

Any individual can open an account for any beneficiary. Students must meet the admission requirements of the college or university they wish to attend.

For more information about MET, call 1-800-MET-4-KID or access the Web site www.treasury.state.mi.us. For more information about MESP, call 1-877-861-MESP or access the Web site www.misaves.com.

Federal Financial Aid Programs

The application process is the same for all of the following programs. All students must fill out and file the Free Application for Federal Student Aid (FAFSA). For additional information on most of these programs refer to The Student Guide published by the U.S. Department of Education. This free publication is available at high schools, college financial aid offices or by calling 1-800-4-FED-AID.



Federal Pell Grant Program - This is a grant program for undergraduate students with demonstrated financial need who have not yet completed a bachelor's or professional degree. The maximum award for the 2001-02 academic year is \$3,750.

Federal Supplemental Educational Opportunity Grant (SEOG) - This is a grant program for undergraduates with exceptional financial need. The minimum award amount is \$100 and the maximum is \$4,000.

Federal Work Study (FWS) - This program provides jobs for undergraduates and graduate students with financial need. Community service and work related to the student's course of study are emphasized to the extent possible. Jobs are available on or off campus.

Federal Perkins Loan - This is a low-interest loan for both graduates and undergraduates who demonstrate need. An amount up to \$3,000 can be borrowed for each year of undergraduate study with a maximum amount of \$15,000 as an undergraduate. A graduate student can borrow up to \$5,000 for each year of graduate or professional study with a maximum amount of \$30,000. This includes any Federal Perkins Loans borrowed as an undergraduate.

Subsidized Federal Stafford Loan - This loan is available to undergraduates or graduates who demonstrate financial need. The per year maximums that can be borrowed as a fulltime undergraduate are \$2,625 for the first year, \$3,500 the second year, and \$5,500 for third year students and beyond. Generally, the total amount a dependent student can borrow in Stafford loans as an undergraduate is \$23,000.

The federal government pays interest on the loan until you begin repayment and during authorized periods of deferment. Interest rate is variable, but cannot exceed 8.25%.

Unsubsidized Federal Stafford Loan - This loan is not based on financial need. Interest is charged from the time the loan is disbursed until it is paid in full. Interest rate is variable, but cannot exceed 8.25%.

Federal PLUS Loans - This is a loan that enables parents with good credit histories to borrow money to pay the education expenses of dependent undergraduate students. Parents may borrow amounts not to exceed the difference between the cost of attendance minus any other financial aid the student receives. The interest rate is variable, but it will never exceed 9%.

Federal Direct Student Loan - If the college participates in the Direct Loan Program (you will need to inquire to find out), the United States Department of Education is the lender. In such cases the entire loan transaction is handled by college administrators. The borrowing maximums are the same as in the Federal Stafford Loan Program. Basically, the interest rate and most of the other provisions are the same in the two programs as well.

If the college does not participate in the Direct Loan Program, you will obtain the Stafford (or PLUS Loan) through a lending institution. To locate a participating institution you may call the Michigan Guaranty Agency at 1-800-642-5626.

Robert C. Byrd Honors Scholarship - The Byrd Honors Scholarship is a program to assist high school seniors who achieved superior academic records and show promise of continued excellence. Each Michigan high school nominates one graduating senior each year. The award provides \$1,500 each year for up to four years of college or receipt of a bachelor's degree, whichever occurs first. These federal scholarship funds are administered by the states. This is a merit-based award and does not require the filing of a FAFSA. Students are nominated and do not apply for the scholarship.



Federal Leveraging Educational Assistance Partnership (LEAP)/Supplemental Leveraging Educational Assistance Partnership (SLEAP) - This program provides funds to states to promote state funding of financial aid assistance. In Michigan, LEAP/SLEAP funds are added to the funds appropriated for the Michigan Competitive Scholarship program. Students do not apply directly for funds from this program. Rather, LEAP/SLEAP funds are distributed as a result of students completing the FAFSA and qualifying for the Michigan Competitive Scholarship.

Programs for Veterans and Dependents

Veterans Education - Veterans who have contributed into an education fund while on active duty are eligible for this award. Veterans are eligible for 10 years after release from active duty. For additional information contact the U.S. Department of Veterans Affairs, 477 Michigan Avenue, Detroit, Michigan 48826 or 1-800-827-1000. General information about veterans education benefits can also be found on the Internet at www.va.gov.

Survivor's and Dependents' Education - Survivors or dependents of a deceased or permanently and totally disabled veteran whose death or disability was service related. Time limit: spouses, ten years from the later of date of death or date of notification that the veteran's disability was permanent and total; children, age 26 (in some cases up to age 31). For additional information contact the U.S. Department of Veterans Affairs, 477 Michigan Avenue, Detroit, Michigan 48826 or 1-800-827-1000.

Michigan War Orphan Act - Children of Michigan veterans who died, are totally disabled due to service-incurred causes or who are listed as missing in action may attend a Michigan tax-supported institution

for up to 36 months of full-time tuition benefits or to age 23, whichever comes first. For additional information contact the Michigan Veterans Trust Fund, Board of Trustees, 611 W. Ottawa St., 3rd floor, Lansing, Michigan 48913 or (517) 373-3130.

Programs for Reserve Officer Training Corps, National Guard and Selected Reserves - Information on the various programs available for individuals belonging to one of the above military organizations may be obtained by contacting the National Guard Education Officer, Department of Military Affairs, Education Office, 2500 South Washington, Lansing, Michigan 48913-5101 or (517) 483-5500.

Bureau of Indian Affairs

Bureau of Indian Affairs - The U.S. Department of Interior, Bureau of Indian Affairs provides assistance to those students who are enrolled tribal members regardless of their degree of Indian blood, based on financial need as recommended by an accredited college or university financial aid office. This program is administered by the federally recognized tribes in Michigan. These tribes should be contacted directly for scholarship applications. To contact the Bureau of Indian Affairs, Office of Indian Education Programs, call (202) 208-6123. General information can also be found on the Internet at www.doi.gov/bureau-indian-affairs.html.

Federal Health & Human Services (HHS) Programs

There are a variety of programs available to students going into selected health careers. These programs are administered by the Department of Health and Human Services. Funds are awarded directly to the schools



and they are responsible for managing and awarding them to eligible students. The schools must follow the requirements specified by the Department of Health and Human Services.

1. Nursing Student Loans (NSL)
2. Health Professions Student Loans (HPSL)
3. Exceptional Financial Need Scholarships
4. National Health Service Corps (NHSC)
5. Scholarships for Disadvantaged Students (SDS)

For additional information on these programs, contact your college financial aid office. General information can also be found on the Internet at www.hrsa.gov/bhpr/dsa.

MI-SEARCH

As a service to Michigan students, the Michigan Higher Education Assistance and Student Loan Authorities are offering MI-SEARCH, a comprehensive program designed to assist families with information and resources that will help students meet their educational costs.

This program is unique in that it combines a national database with a listing of additional sources provided by Michigan sponsors (i.e., corporations, associations, etc.) specifically for Michigan residents. A list of scholarship referrals is produced by matching eligibility requirements to student characteristics such as: academic standing, enrollment plans, major areas of study, career goals, ethnic and/or religious affiliations, employers, etc.

WHEN TO SEARCH - It is recommended that students request the search one year prior to enrollment.

HOW TO SEARCH - This service and information is available free through the Authorities' Web site at www.MI-StudentAid.org. Although linked to national services, only students with Michigan residency will receive Michigan specific listings. You can also have the MI-SEARCH publication, "A Guide to Searching for Scholarships," sent by calling 1-877-323-2287.

This publication serves as a resource and planning guide, and provides suggested research strategies and sample letters.

IMPORTANT - MI-SEARCH is an information service. MI-SEARCH does **not** sponsor an award program and does **not** guarantee that participants will receive awards. MI-SEARCH supplements traditional information sources.

Other Sources of Financial Aid

Listed below are a number of publications, that can be helpful in your search for financial aid:

Free Money for College - Laurie Blum

Minority Financial Aid Directory - Lemuel Berry, Jr.

The Scholarship Book - Daniel J. Cassidy

Financial Aids for Higher Education - Oreon Keeslar

Foundation Grants for Individuals - The Foundation Center



Helpful Web Sites

State of Michigan Student Financial Aid - www.MI-StudentAid.org

U.S. Department of Education - www.ed.gov

National Association of Student Aid Administrators - www.nasfaa.org

Michigan Student Financial Aid Association - www.msfaa.org

Financial Aid Resources - www.finaid.org

The College Board - www.collegeboard.org

The American College Testing Service - www.act.org

Helpful Advice

Prior to college enrollment, make arrangements to take the American College Test (ACT) for state scholarship purposes. The recommended times are the April or June test in your junior year. For priority consideration you should take the test by December of your senior year. Check with your high school guidance counselor for more information.

In addition to the Free Application for Federal Student Aid (FAFSA), be sure to check with the college financial aid office to see if they require any supplemental information.

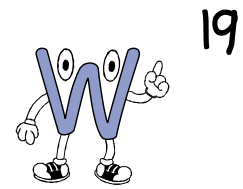
Determine and observe all deadlines in filing applications for federal, state, private and institutional aid programs.

Use estimated income information if necessary. It is more important to file on time! (Corrected information can be filed subsequently.)

Make photocopies of completed forms and maintain your own financial aid file. Keep several copies of your federal tax return(s) in your file — each school to which you apply may ask for a copy. The State of Michigan may request a copy.

Communicate unusual circumstances to the financial aid office at your college or university.

If you don't understand your award offer, inquire at the source.



Expected Family Contribution Formula/Dependent Student (2000-2001)

The Free Application for Federal Student Aid provides a prompt, thorough, no fee way to establish your official expected family contribution. However, occasionally students and parents wish to do an unofficial computation for early assessments and planning purposes. The following computation guide may be used for those purposes.

1. Determining available parent income:

_____	Total Income (taxable and nontaxable)
- _____	Social Security Tax Paid
- _____	U.S. and State Income Tax Paid*
- _____	Income Protection Allowance (Chart A1)
- _____	Employment Allowance (Chart A2)
<hr/>	
= _____	Available Income

This is the portion of your income that will be used in the determination of need.

A1 - Income Protection Allowance

Family Size (including student)	Number in College*				
	1	2	3	4	5
2	\$12,760		\$10,580		
3	15,890		13,720	\$11,540	
4	19,630		17,440	15,270	\$13,090
5	23,160		20,970	18,800	16,620
6	27,090		24,900	22,730	20,550
					\$14,450
					18,380

* For U.S. Income Tax, use actual amount paid; for state tax use 9% if income is less than \$15,000 and 8% if income is \$15,000 or more. The amount calculated allows also for various local taxes.

** For each additional family member (over 6) add \$3,060.

*** For each additional college student (over 5) subtract \$2,170.

A2 - Employment Allowance: Two working parents - 35% of the smaller of the two employment incomes or \$2,900, whichever is less; one-parent families - 35% of employment income or \$2,900, whichever is less.



2. Determining available parent assets:

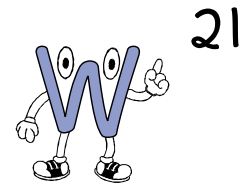
	_____	Cash, Savings, Checking Accounts
+	_____	Adjusted Net Worth of Business/Investment Farm (Chart B1)
+	_____	Net Worth of other Real Estate & Investments
-	_____	Education Savings & Asset Protection Allowance (Chart B2)
<hr/>		
=	_____	Discretionary Net Worth
x	_____	Asset conversion rate (12%)
<hr/>		
=	_____	Parents' Contribution from Assets (Income Supplement)

B1 Adjusted Net Worth of Business/Investment Farm

	The adjusted net worth is ...			
Less than \$1.....	0	+		
\$1 to \$90,000.....	0	+	40%	of NW
\$90,000 to \$275,000.....	36,000	+	50%	of NW over \$90,000
\$275,000 to \$455,000.....	128,000	+	60%	of NW over 275,000
\$455,001 or more.....	236,500	+	100%	of NW over 455,000

B2 - Education Savings and Asset Protection Allowance

Age of Older Parent	Two-Parent Allowance	One-Parent Allowance
35	24,900	14,600
36	27,400	16,100
37	29,900	17,500
38	32,400	19,000
39	34,900	20,400
40	37,400	21,900
41	38,400	22,300
42	39,300	22,800
43	40,300	23,300
44	41,400	23,800
45	42,400	24,400
46	43,500	24,900
47	44,600	25,500
48	45,700	26,100
49	46,800	26,700
50	48,300	27,200
51	49,500	27,900
52	50,800	28,600
53	52,300	29,400
54	53,600	30,100
55	55,300	30,800
56	56,900	31,500
57	58,700	32,400
58	60,400	33,200
59	62,200	34,200
60	64,100	35,000
61	66,000	36,000
62	68,300	37,000
63	70,600	38,000
64	72,700	39,100
65 and over	75,100	40,400



3. Determining portion of parents' available income and assets for education:

_____ Available Income

+ _____ Parents' Contribution from Assets (if negative, use 0)

= _____ Adjusted Available Income

_____ Assessment of Adjusted Available Income (AAI) (Chart C1)

= _____ Total Contribution

_____ Number in family attending college (exclude parents)

= _____ Parental Contribution

This is what the parent(s) of a dependent student should be able to contribute toward expenses.

C1 - Assessment of AAI (Adjusted Available Income) for the parent(s)

If AAI is	Then the contribution is ...				
Less than \$3,409.....	-\$750	+			
\$3,409 to \$11,400.....		+	22%	of AAI	
\$11,401 to \$14,300.....	2,508	+	25%	of AAI over	\$11,400
\$14,301 to \$17,300.....	3,233	+	29%	of AAI over	14,300
\$17,201 to \$20,100.....	4,074	+	34%	of AAI over	17,200
\$20,201 to \$23,000.....	5,060	+	40%	of AAI over	20,100
R23,001 or more	6,220	+	47%	of AAI over	23,000

Note: Round to whole dollar amount.

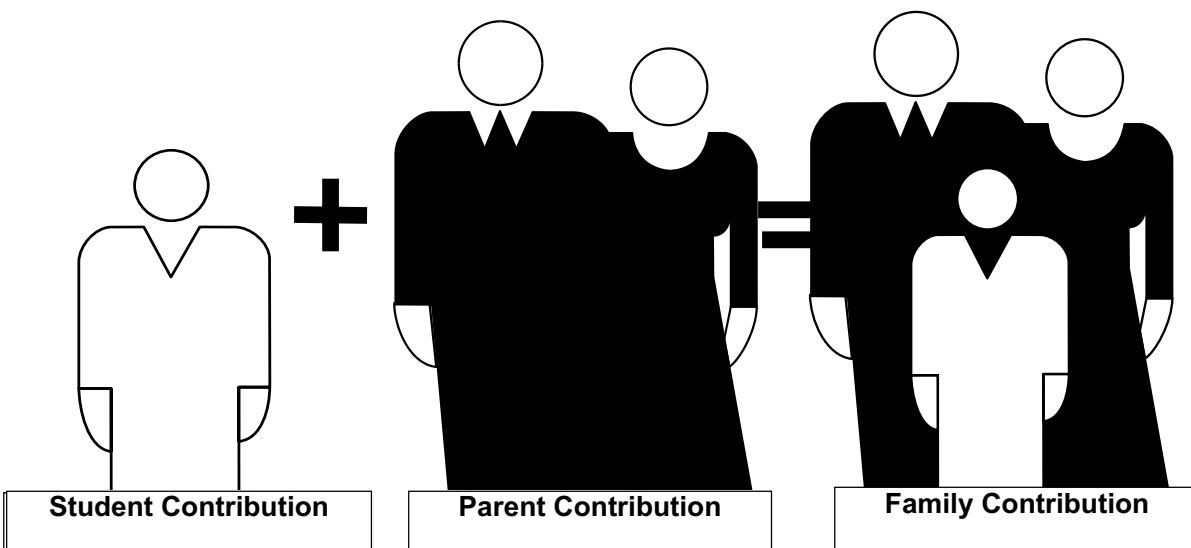


4. Determining portion of student's income and assets available for education:

$$\begin{array}{rcl}
 & \underline{\hspace{2cm}} & \text{Total Income (taxable and nontaxable)} \\
 - & \underline{\hspace{2cm}} & \text{Social Security Tax Paid} \\
 - & \underline{\hspace{2cm}} & \text{U.S. and State Income Tax Paid} \\
 - & \underline{\hspace{2cm}} & \text{Deduct \$2,200 for Income Protection Allowance} \\
 & \hline
 = & \underline{\hspace{2cm}} & \text{Available Income} \\
 \times & \underline{\hspace{2cm}} & \text{50\% Assessment Rate} \\
 & \hline
 = & \underline{\hspace{2cm}} & \text{Income Contribution from Student} \\
 + & \underline{\hspace{2cm}} & \text{35\% of Student Assets} \\
 & \hline
 = & \underline{\hspace{2cm}} & \text{Student Contribution}
 \end{array}$$

This is what the student should be able to contribute toward expenses.

Add the parent contribution and the student contribution together to get the Expected Family Contribution.





Common Financial Aid Terms

Cost of Attendance	Includes tuition and fees, on-campus room and board (or a housing and food allowance for off-campus students), and allowance for books, supplies, transportation, child care, costs related to a disability and miscellaneous (travel/personal) expenses.
Electronic FAFSA	Rather than using a paper FAFSA, students may apply electronically for Title IV financial assistance by using FAFSA on the Web at www.fafsa.ed.gov . Contact your college/university for additional information.
Expected Family Contribution.	The amount a student and his or her family are expected to pay toward cost of attendance. This amount is determined by a formula established by Congress; the formula includes factors such as taxable and non-taxable income, assets, family size, number in college, etc.
Federal Methodology	This is the name of the formula used by institutions, government agencies and most other financial aid sponsors to calculate the student's Expected Family Contribution. Some colleges use additional formulas; this is only allowed for the distribution of institutional aid.
Financial Need	The amount by which cost of attendance exceeds the Expected Family Contribution.
Financial Aid Package	The total financial aid award a student receives. The aid may come from several sources; for example, federal, state, institutional and private. Various types of programs may be included; for example, scholarships, grants, work-study, and fellowships.



Free Application for

Federal Student Aid (FAFSA).	The form used to apply for federal student financial aid, processed at no cost to the applicant. It is used to determine a student's eligibility for federal grant, loan, and work funds and most other need-based awards. In some cases a supplemental form that collects additional information is required by institutions and/or state agencies for awarding purposes. (Students should check on non-federal program requirements to determine whether a supplemental form is required.)
Grants.	Awards based on financial need that do not require repayment. Grants are available through the federal government, state agencies, educational institutions, and private sponsors. Often referred to as gift aid.
Internships	A short-term, supervised work experience, usually related to a student's major field, for which academic credit is earned.
Loans	Funds available through lending institutions, government sources or schools, as well as private sources. Terms vary regarding eligibility on need or non-need basis, rate of interest, interest benefits, repayment period, and credit worthiness. "Traditional" loans are based on need, include interest benefits for the in-school period, and repayment after termination of studies. Newer, non-need-based loans generally require credit tests and repayment during the in-school period as well as all interest charges. Sometimes referred to as self-help aid.
Profile	A supplemental application to the FAFSA developed by the College Scholarship Service. This form and accompanying system of need analysis are used by some institutions (many private colleges) to determine eligibility for institutional aid. A fee is charged to the student for processing the Profile.



Merit-Based Awards	Awards to students who excel in academics, sports, leadership, music, art or dance, and meet sponsor-selected program requirements through audition, academic record, or recommendation.
Need-Based Awards	Awards to students who demonstrate they and their family cannot pay for all of the cost of postsecondary education on their own.
Scholarships	Non-repayable awards based on merit or merit plus need. Often referred to as gift aid.
Student Aid Report (SAR)	The report sent to the student about two to four weeks after filing the Free Application for Federal Student Aid. This document shows the expected family contribution and eligibility status for the Federal Pell Grant. If incorrect (incomplete) or outdated information exists, the form may be corrected and resubmitted for need calculation. This form is used by the school financial aid office to develop Pell Grant Awards and other financial aid considerations. Many students who are not eligible for Pell may still receive financial assistance from other programs.
Work-Study Programs	Jobs that allow students to earn money toward their education while they are enrolled in school. (Students can sometimes get jobs related to their program of study.) Sometimes referred to as self-help aid.



Frequently Used Addresses and Telephone Numbers

Federal Student Aid Information Center
P.O. Box 84
Washington, DC 20044-0084
1-800-4-FED AID

Michigan Competitive Scholarship and
Tuition Grant Programs
P.O. Box 30462
Lansing, MI 48909-7962
1-888-4-GRANTS or
(517) 373-3394
Fax: (517) 335-5984

Michigan Education Savings Program
TIAA-CREF
P.O. Box 7610
Mount Prospect, IL 60056-9503
1-877-861-MESP

Michigan Education Trust
P.O. Box 30198
Lansing, MI 48909
1-800-MET-4-KID or
(517) 373-6967

Michigan Guaranty Agency
P.O. Box 30047
Lansing, MI 48909
1-800-MGA-LOAN or
(517) 373-0760
Fax: (517) 335-6703

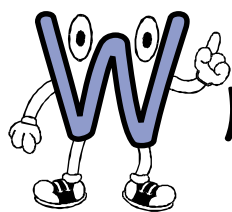
Michigan Merit Award
Department of Treasury
P.O. Box 30716
Lansing, MI 48909
1-888-95-MERIT or
(517) 241-4430
Fax: (517) 241-4638

MI-LOAN Program
P.O. Box 30051
Lansing, MI 48909
1-888-643-7521 or
(517) 373-3662
Fax: (517) 335-6699

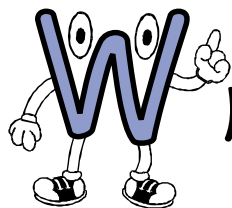
MI-SEARCH
P.O. Box 30466
Lansing, MI 48909-7966
1-877-FA-FACTS or
(517) 335-1790
Fax: (517) 335-6851

Office of Information & Resources
P.O. Box 30466
Lansing, MI 48909-7966
1-877-FA-FACTS or
(517) 373-0457
Fax: (517) 335-6851

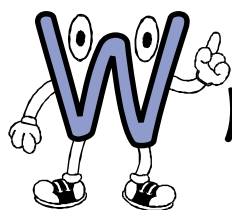
Tuition Incentive Program
P.O. Box 30466
Lansing, MI 48909-7966
1-877-FA-FACTS or
(517) 373-0457
Fax: (517) 335-6851



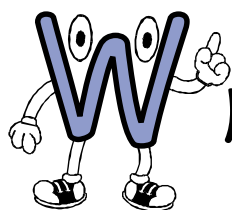
WHAT is financial aid?



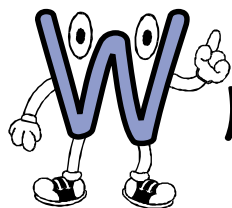
WHY is there financial aid?



WHERE does financial aid come from?



WHO is eligible for financial aid?



WHEN and how do I apply?



*This material was prepared by
State of Michigan
Department of Treasury - Bureau of Student Financial Assistance
Office of Information & Resources
1-877-FA-FACTS
(517) 373-0457
www.MI-StudentAid.org*